

SAM 216

May 30, 1997

Dear Stan: *Waldhausley*

A "For-Profit Consumer's Reports"

-or Maytag compounded. Or has Kenmore already done it?
or Waldbaum's?

This is out of the box; but you might have some notion where to go with it. It arose when I was shopping for a new PC: great price bargains vs. the imputed reliability and service that go with a brand like IBM.

What if an impeccable brand like Procter&Gamble or Maytag were to set up a franchise that entailed: (Using a PC as an example)

1. PC mfr. submits product and engineering information to Brand.
2. Brand does its own analysis. If satisfactory
3. PC gets Brand's imprimatur, with service and money-back guarantees endorsed by Brand. Also advice on marketing, that may go as far
4. Eventually, Brand-franchised retail outlets that specialize in selling authenticated products.
5. Brand and PC-mfr divvy up the margins.

We know many small product-mfrs. die on the vine, not knowing how to market.

The idea is to exploit the substantive engineering, product-analysis competence of Brand, its hard-won reputation, and the economy of scale in generating and disseminating that analysis, in fields that go beyond the existing business of Brand. Brand could of course buy PC, but that would entail even greater levels of capital at risk; and very likely serious culture clashes between innovation and reliability -- better keep those at arms length. So franchising specific products would be safer.

Perhaps this should be left to existing mass distribution chains; but do any of these have the substance and image of quality that consumers really look for?

Appliances and office equipment are the most obvious arenas; but whatever Consumers Union now covers would be a candidate. Could also sell to government (military, etc.) as it increasingly goes commercial for its procurements.

*Yours,
Joshua*